Table 4

Alaska Median Family Income
Federal Fiscal Year 1989 1/

ALASKA	$46,000
U.S.	34,000
Aleutian Islands Census Area	34,900
Anchorage Borough	49,900
Bethel Census Area	25,500
Bristol Bay Borough	66,200
Dillingham Census Area	35,100
Fairbanks North Star Borough	41,600
Haines Borough	40,600
Juneau Borough	62,200
Kenai Peninsula Borough	42,300
Ketchikan Gateway Borough	54,000
Kodiak Island Borough	49,100
Matanuska-Susitna Borough	40,100
Nome Census Area	28,700
North Slope Borough	56,100
Northwest Arctic Borough	30,800
Prince of Wales-Outer Ketchikan	40,700
Sitka Census Area	57,200
Skagway-Yakutat-Angoon Census Area	41,100
Southeast Fairbanks Census Area	23,900
Valdez-Cordova Census Area	49,400
Wade Hampton Census Area	22,200
Wrangell-Petersburg Census Area	48,500
Yukon-Koyukuk Census Area	25,300

1/ (October 1988-September 1989)

Source: U.S. Department of Housing & Urban Development.

In 1983, the construction industry was responsible for 9.6% of total employment in the state, compared to 4.1% in 1988. The average monthly wage in construction also took a beating, falling from its 1982 peak of $3,941. Fewer construction workers earning smaller wages dragged down Alaska's average monthly wage. Other industries' average monthly wages were also battered by the recession, contributing to the overall decline.

The state's average monthly wage finally stabilized in 1988. And even making small comebacks that year were average monthly wages in a number of industrial sectors, including construction, trade, and services.

The Valdez–Cordova Census Area's average monthly wage should experience a strong surge in 1989 because of the effects of the oil spill. Also increasing to a lesser extent should be the Kenai Peninsula and the Kodiak Island Borough's average monthly wages. Other major gains in the average monthly wage aren't expected in the near future. Instead, small statewide gains are anticipated in 1989.

Table 5

Alaska's Average Monthly Wage by Industry
1980-1988

	1980	1981	1982	1983	1984	1985	1986	1987	1988
Mining	$3,802	$4,030	$4,254	$4,550	$4,703	$5,311	$4,921	$5,171	$5,126
Construction	3,342	3,756	3,941	3,860	3,651	3,383	3,425	3,315	3,399
Manufacturing	1,846	1,828	1,955	2,065	2,115	2,000	2,019	2,116	2,143
Trans., Comm. & Utilities	2,458	2,731	2,915	2,931	2,946	2,797	2,896	2,718	2,699
Trade	1,342	1,446	1,522	1,598	1,624	1,546	1,610	1,409	1,487
Wholesale	2,156	2,286	2,446	2,533	2,558	2,558	2,601	2,484	2,468
Retail	1,154	1,244	1,302	1,373	1,397	1,316	1,376	1,272	1,274
Finance, Ins. & Real Estate	1,565	1,687	1,915	2,017	2,122	2,252	2,173	2,258	2,216
Services	1,404	1,614	1,792	1,831	1,837	1,719	1,802	1,655	1,692
Government	1,945	2,142	2,296	2,420	2,480	2,627	2,565	2,641	2,641
Federal	1,741	1,952	2,019	2,172	2,268	2,348	2,298	2,414	2,520
State	2,312	2,433	2,567	2,683	2,698	2,887	2,829	2,895	2,859
Local	1,847	2,071	2,295	2,397	2,464	2,617	2,539	2,615	2,567
Statewide	1,931	2,140	2,301	2,379	2,382	2,369	2,345	2,308	2,310

Source: Alaska Department of Labor, Research & Analysis Section.

Table 6

Alaska's Average Monthly Wage by Census Area 1980-1988

	1980	1981	1982	1983	1984	1985	1986	1987	1988
Aleutian Islands Census Area 1/	$1,549	$1,590	$1,702	$1,693	$1,769	$1,875	$1,892	$2,009	--
Aleutians East Borough 1/	--	--	--	--	--	--	--	--	$2,310
Aleutian Island West C.A. 1/	--	--	--	--	--	--	--	--	2,140
Anchorage Borough	1,921	2,075	2,208	2,289	2,327	2,346	2,385	2,363	2,382
Bethel Census Area	1,197	1,466	1,634	1,735	1,792	1,756	1,830	1,743	1,727
Bristol Bay Borough	1,695	2,045	1,989	1,904	2,099	1,860	1,960	2,013	1,970
Dillingham Census Area	1,637	1,764	1,849	2,150	1,862	1,858	1,863	1,828	1,850
Fairbanks North Star Borough	2,049	2,210	2,384	2,474	2,414	2,432	2,347	2,320	2,236
Haines Borough	1,256	1,539	1,728	1,897	2,008	2,089	2,237	2,360	2,373
Juneau Borough	1,873	2,093	2,195	2,283	2,267	2,295	2,320	2,341	2,339
Kenai Peninsula Borough	2,031	2,197	2,313	2,309	2,344	2,343	2,255	2,169	2,245
Ketchikan Gateway Borough	1,868	1,904	2,069	2,137	2,110	2,099	2,107	2,138	2,178
Kodiak Island Borough	1,534	1,636	1,878	2,003	1,857	1,968	1,620	1,757	1,807
Matanuska-Susitna Borough	1,585	1,745	1,926	1,918	2,036	1,725	1,976	1,974	1,902
Nome Census Area	1,481	1,648	1,898	1,933	1,980	1,970	1,988	2,022	2,024
North Slope Borough	3,600	4,415	4,778	4,849	4,911	1,951	4,341	4,079	4,053
Northwest Arctic Borough	1,576	1,717	1,729	1,986	2,020	4,681	1,914	1,958	2,122
Prince of Wales-Outer Ketchikan C.A.	1,866	1,851	1,955	2,124	2,091	1,937	2,039	1,954	2,089
Sitka Census Area	1,838	2,062	2,140	2,082	2,088	2,000	2,009	2,040	2,045
Skagway-Yakutat-Angoon C.A.	1,435	1,623	1,832	2,055	1,703	1,759	1,786	1,746	1,807
Southeast Fairbanks Census Area	1,479	1,661	1,637	1,765	1,807	1,900	2,036	1,914	1,890
Valdez-Cordova Census Area	2,222	2,407	2,488	2,411	2,501	2,507	2,483	2,475	2,417
Wade Hampton Census Area	1,150	1,328	1,444	1,447	1,463	1,414	1,450	1,570	1,452
Wrangell-Petersburg Census Area	1,524	1,766	1,909	2,084	1,950	2,098	2,058	2,006	2,065
Yukon-Koyukuk Census Area	2,126	2,318	2,405	2,465	2,393	2,063	2,090	2,046	2,082
Statewide Average	$1,931	$2,140	$2,301	$2,379	$2,382	$2,369	$2,345	$2,308	$2,310

1/ Aleutian Island Census Area split into Aleutians East Borough and Aleutians Islands West Census Area in 1988.

Source: Alaska Department of Labor, Research & Analysis Section.

Table 7

1989 Poverty Guidelines

Family Size	Alaska	All states except Alaska and Hawaii
1	$ 7,480	$ 5,890
2	10,030	8,020
3	12,580	10,060
4	15,130	12,100
5	17,680	14,140
6	20,230	16,180
7	22,780	18,220
8	25,330	20,260
For each additional family member add:	$ 2,550	$ 2,040

Source: Federal Register, Vol. 54, No. 31, February 16, 1989.

Table 8

1989 Lower Living Standard Income Level (LLSIL)

Family Size	Income Criteria for 100% of the (LLSIL)	Income Criteria for 70% of the (LLSIL)
1		$ 7,480
2		10,950
3		15,030
4	$ 26,510	18,560
5		21,900
6		25,610
7		29,320
8		33,030
For each additional family member add:		$ 3,710

Source: Federal Register, Vol. 54, No.63, April 4, 1989.

About the author:

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Poverty Guidelines

Although the most recent data on the number of Alaskans who live in poverty is dated 1980, new poverty guidelines are issued yearly. These guidelines are used for many government programs to determine individual eligibility for a variety of assistance programs and services. The two most common sets of guidelines are the Poverty Income Guidelines and the Lower Living Standard Income Level (LLSIL). (See Tables 7 and 8.)

The Alaska guidelines are aligned with the national guidelines, with a 25% cost of living adjustment added on. The Alaska guidelines are also adjusted annually to account for an increase in the cost of living (as reflected by the U.S. Consumer Price Index). The 1990 census will provide the next profile of Alaska's poverty population.

Summary

Alaska's personal income and average monthly wage picture finally began to improve in 1988 after experiencing two straight years of decline. However, these gains were considerably smaller than they had been in prior years.

Alaska's per capita income is now ranked 7th in the nation and enjoys only a 16% income advantage over the rest of the U.S. If the cost of living is taken into consideration, it appears Alaska's position, relative to the rest of the nation, has been steadily narrowing.

Within Alaska, both per capita income and the average monthly wage varies dramatically. Generally speaking, per capita income and the average monthly wage are considerably lower in rural Alaska than in more urban parts of the state.

The average monthly wage also varies between industries. The 1988 range stretches from a high of $5,126 earned in the mining industry to a low of $1,274 earned in retail trade.

The immediate outlook for both income and wages is continued slow growth. The fate of both are tied to Alaska's economic prosperity. Slow economic growth is forecast for the next couple of years.

Measuring the Cost of Living; Indicators are Imperfect Tools

by Brian N. Rae and James R. Wilson

The cost of living in Alaska and in its various far-flung communities is a topic brought before Alaska Department of Labor economists almost daily.

Of all the acronyms that have been created by this nation's governmental bureaucracy, few are better known than the CPI, the Consumer Price Index. Nearly every American who earns and spends dollars has some idea as to what the CPI is and how it is used. Still, many misconceptions abound concerning this and other indicators which attempt to compare the costs of living among various places and times.

Cost of Living Comparison Process Not Straight Forward

Preparing a cost of living comparison among different cities seems straightforward enough. Isn't it a simple task to find the costs of a home in different cities, the

Table 1

Consumer Price Index – Urban Consumers
All Items and Selected Components
U.S. & Alaska

	All Items				All Items Less Shelter				Housing		Medical		Food & Beverage	
Year	U.S. annual average	Percent change	Anchorage annual average	Percent change	U.S. annual average	Percent change	Anchorage annual average	Percent change	U.S. annual average	Anchorage annual average	U.S. annual average	Anchorage annual average	U.S. annual average	Anchorage annual average
1960	29.6		34.4											
1965	31.5	6.4%	35.3	2.6%										
1970	38.8	23.2	41.1	16.4										
1975	53.8	38.7	57.1	38.9										
1980	82.4	53.2	85.5	49.7	82.9		84.7		81.1	85.9	74.9	78.8	86.7	89.7
1981	90.9	10.3	92.4	8.1	91.0	9.8%	92.0	8.6%	90.4	92.5	82.9	86.9	93.5	94.3
1982	96.5	6.2	97.4	5.4	96.2	5.7	96.3	4.7	96.9	98.2	92.5	94.8	97.3	97.2
1983	99.6	3.2	99.2	1.8	99.8	3.7	99.9	3.7	99.5	99.0	100.6	99.7	99.5	99.7
1984	103.9	4.3	103.3	4.1	103.9	4.1	103.8	3.9	103.6	102.7	106.8	105.5	103.2	103.2
1985	107.6	3.6	105.8	2.4	107.0	3.0	107.5	3.6	107.7	103.0	113.5	110.9	105.6	106.2
1986	109.6	1.9	107.8	1.9	108.0	0.9	111.2	3.4	110.9	102.6	122.0	127.8	109.1	110.8
1987	113.6	3.6	108.2	0.4	111.6	3.3	115.1	3.5	114.2	97.5	130.1	137.0	113.5	113.1
1988	118.3	4.1	108.6	0.4	115.9	3.9	117.8	2.3	118.5	95.4	138.6	145.8	118.2	113.8
1st half 1988	116.8		108.4		114.4		117.0		117.2	95.8	136.5	143.0	116.5	113.5
1st half 1989	122.7	5.1	110.9	2.3	120.4	5.2	121.4	3.8	121.7	95.8	146.3	153.1	123.6	116.4

Notes: The most current Consumer Price Index data available for Alaska is for the first half of 1989.
For comparability, data for the first half of 1988 is given to show the percentage change over the year.

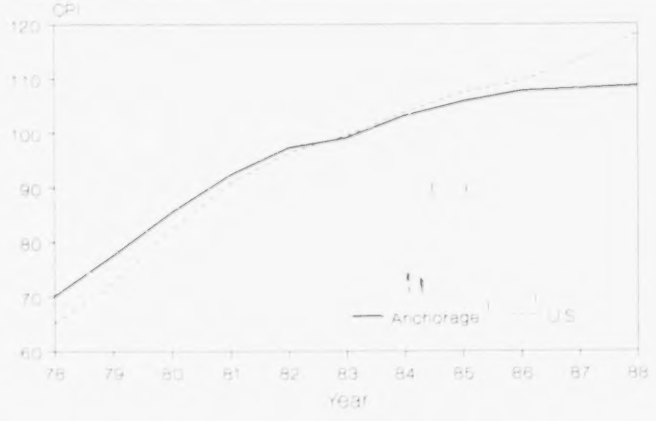
Data unavailable for components between 1960 and 1979.

costs of food, of medical care, and all the things an average person consumes? Unfortunately, there are many different things to consider when comparing costs of living. And each survey can look at costs in only one way.

This article explains how the imperfect science of measuring 'cost of living' is gauged using two types of surveys, spatial and temporal. Further, this article explains five different cost of living surveys: the Consumer Price Index, the American Chamber of Commerce Researchers Association's Intercity Cost of Living Index, the University of Alaska's Cost of Food at Home study, Runzheimer International's Living Costs Index, and the Alaska School District Profiles and Differential Study.

Figure 1

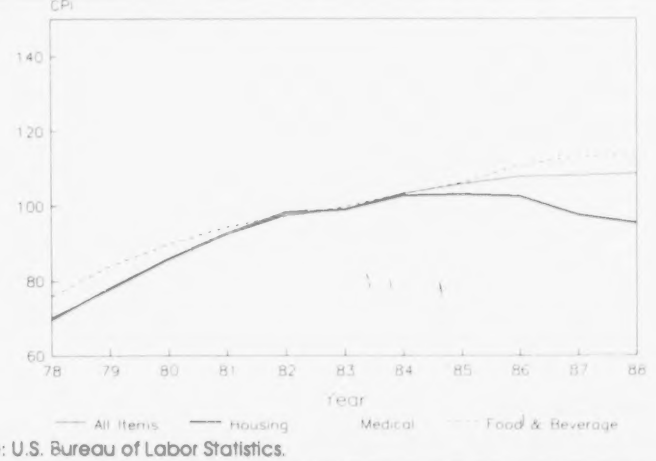
Consumer Price Index – Urban Consumers U.S. & Anchorage (1982-1984 = 100)



Source: Alaska Department of Labor, Research & Analysis Section.

Figure 2

Consumer Price Index – Anchorage All Items & Selected Items (1982-1984 = 100)



Source: U.S. Bureau of Labor Statistics.

Starter's Glossary: Market Basket, Reverse Pricing, Forward Pricing, Spatial Survey, Temporal Survey

One of the first considerations in creating a survey is determining the target population, the people for whom the cost of living index is being computed. If a narrowly defined population is chosen, the survey will apply only to a small percentage of the population. On the other hand, if a broader population is chosen, the results might not accurately reflect the cost of living for any individual.

The types of goods and services purchased, or 'market basket,' affects the usefulness of the index. If the selected market basket reflects the purchasing pattern of everyone in the target population, there is no concern. This is rarely the case, however. The further the market basket diverges from an individual's purchases, the less applicable the index for that individual.

There are two types of cost of living surveys — spatial and temporal. In a spatial survey, costs of living in different locations are compared at one point in time. In a temporal survey, changes in the costs of living over time are computed for one location.

When conducting a spatial survey there are two ways to prepare the market basket; both are imperfect. 'Forward pricing' is one option. Here, a single market basket is decided upon, and then the goods and services are priced in each community included in the survey. A problem arises if not all the same goods and services are available in each community, or if consumption patterns are different among communities. Still, forward pricing is the one used in all but one of the surveys later explained in this article.

The second pricing technique is known as 'reverse pricing.' One base community is selected, and then other communities are compared to this base. The unique aspect of this technique is that a different market basket

reflecting local consumption patterns is created for each community. The School District Differential Study survey is the only survey later explained in this article which uses the reverse pricing technique.

A market basket must also be determined for temporal surveys. In these surveys, price fluctuations must be recorded over time. Any inflexibility of the market basket creates problems for either temporal or spatial surveys. If relative prices (the ratio of the price of one item to another) are different among places in a spatial survey, or if they change over time in a temporal survey, so too will consumption. If the price of one item rises relative to another, then consumption of the more expensive item will fall. Any changes in consumption will not, however, be reflected in the market basket. For example: if the market basket assures that certain amounts of beef and chicken are purchased, then price fluctuations won't change the amounts purchased even if the price of one rises and the other declines. (A comparable problem occurred with the CPI during the early 1970s when gasoline prices skyrocketed and consumption fell; still, the market basket assumed that a certain quantity of gas continue to be purchased.)

No Study Shows True Cost of Living

These are a few of the factors which must be addressed when quantifying cost of living differences between communities or over time. No study is perfect. None really shows the true cost of living. To some degree they are all compromises. Still, the studies are a useful tool to those trying to understand how much more expensive living costs are in one area compared to another.

The CPI: the Nation's Most Widely Used Measure

The CPI is the most widely used cost of living measure in the U.S., and it is the only temporal cost of living measure explained in this article. The most important point to remember is that the CPI measures the change in costs in one area over time.

The CPI uses prices during a base time period and compares them with other time periods. (In this article the base time period is 1982 through 1984. The average of prices during the base period is given a value of 100.)

Comparing CPI figures over different time periods produces a rate of change; it does nothing, though, to quantify the cost of living.

For specific questions concerning various surveys, readers can contact the authors of this article at the Alaska Department of Labor's Research & Analysis Section, or they can contact any one of the following groups:

Alice Klein
American Chamber of Commerce Researchers Assn.
c/o Louisville Area Chamber of Commerce
One Riverfront Plaza
Louisville, KY 40202

(Annual subscription rate for the quarterly ACCRA report: $75.)

Dennis G. Taylor
Runzheimer & Co.
Living Cost Division
Runzheimer Park
Rochester, WI 53167

('Runzheimer Living Cost Standards' is available for purchase through the company.)

For information on the 'Cost of Food at Home for a Week' survey, contact:

Marguerite Stetson
c/o University of Alaska
Cooperative Extension Service
Fairbanks, AK 99701

For information on the Alaska Schobl District Profiles & Differential Study, contact:

Legislative Budget & Audit Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

For information on the Consumer Price Index, contact:

U.S. Department of Labor
Bureau of Labor Statistics
71 Stevenson Street
P.O. Box 3766
San Francisco, CA 94119

Table 2

American Chamber of Commerce Researchers Association
Intercity Cost of Living Index
Ranking of 20 Highest Index Cities
1st Quarter 1989

City	Total index	Grocery	Housing	Utilities	Trans-portation	Health	Miscel-laneous
Nassau-Suffolk, NY	156.7	113.3	245.6	182.6	128.6	144.5	121.6
KODIAK, AK	152.7	152.6	172.8	183.3	115.4	186.1	135.2
KETCHIKAN, AK	144.8	139.0	145.0	139.5	137.6	208.7	138.1
Washington, D.C.	129.8	107.5	169.6	127.2	136.5	124.1	112.7
JUNEAU, AK	129.4	125.6	112.7	147.0	128.6	199.9	121.3
Orange County, CA	129.0	104.8	216.6	71.1	109.0	127.6	108.6
FAIRBANKS, AK	128.0	125.6	113.5	127.5	125.1	195.2	125.8
Montpelier-Barre, VT	127.6	111.0	190.1	127.2	105.2	103.7	106.5
Ventura County, CA	127.4	104.8	213.8	66.3	114.9	116.6	107.3
Philadelphia, PA	127.2	107.6	143.7	170.1	112.4	134.9	115.0
Manchester, NH	125.7	106.8	169.4	132.9	121.4	117.3	105.6
Naperville, IL	125.5	102.4	177.7	103.7	117.1	109.7	115.6
San Diego, CA	124.5	102.8	186.4	78.4	125.3	123.0	108.2
Los Angeles County, CA	124.4	104.8	196.2	70.4	108.4	129.1	108.3
San Jose, CA	123.0	103.4	196.3	73.5	105.6	135.1	103.3
Schaumburg, Il	120.3	113.6	162.9	103.4	113.3	111.8	104.1
Springfield, MA	119.9	105.1	167.6	113.2	106.5	108.8	104.2
ANCHORAGE, AK	118.4	128.4	117.1	93.2	109.7	159.2	117.0
Wilmington, DE	117.8	109.7	127.2	138.1	99.0	116.9	116.6
Temecula, CA	116.3	98.3	155.1	100.2	110.2	130.0	103.5
Ranking of Alaska Cities by Category							
Anchorage	18	3	35	175	29	5	5
Fairbanks	7	4	48	13	6	3	3
Juneau	5	4	50	4	3	2	4
Ketchikan	3	2	16	5	1	1	1
Kodiak	2	1	9	1	13	4	2

Source: Intercity Cost of Living Index (268 cities), 1st Quarter 1989, American Chamber of Commerce Researchers Association.

The CPI shows changes over time, so a single CPI number is meaningless. Looking at Figure 1, the plotted lines don't mean, as one might first think, that the average cost of living in Anchorage in 1988 was less than the U.S. average in 1988. It is the slope of the line that is important. The slope shows that the Anchorage CPI rose less than did the U.S. CPI between 1987 and 1988. Likewise, the Anchorage inflation rate was below the U.S. average rate between 1978 and 1983. This is shown in Figure 1 by the steeper slope of the U.S. average line as compared to the Anchorage line.

CPI Usefulness Limited in Alaska

As mentioned earlier, all indices are compromised for various reasons. The CPI is no exception. Anchorage is the only Alaska city included in the CPI because of the high costs involved in collecting and processing the information. This limits the CPI's usefulness for people outside Anchorage if consumption patterns or relative prices are different from those in Anchorage.

For example, much of the state has seen real estate prices fall from their 1985 levels, but Anchorage was the area of the state hardest hit. Table 1 and Figure 2 break out several components of the CPI. Noteworthy is how the housing component in Anchorage has fallen since its 1985 high. Since housing comprises such a large component in the index, this has

Table 3

American Chamber of Commerce Researchers Association
Intercity Cost of Living Index
1st Quarter 1989

	All items index	Grocery items	Housing	Utilities	Trans-portation	Health care	Miscel-laneous goods & services
West							
ANCHORAGE, AK	118.4	128.4	117.1	93.2	109.7	159.2	1.0
FAIRBANKS, AK	128.0	125.6	113.5	127.5	125.1	195.2	125.8
JUNEAU, AK	129.4	125.6	112.7	147.0	128.6	199.9	121.3
KETCHIKAN, AK	144.8	139.0	145.0	139.5	137.6	208.7	138.1
KODIAK, AK	152.7	152.6	172.8	183.3	115.4	186.1	135.2
Salt Lake City, UT	95.9	94.8	84.7	89.0	96.9	105.6	104.6
San Diego, CA	124.5	102.8	186.4	78.4	125.3	123.0	108.2
Seattle, WA	106.4	108.3	108.6	63.0	117.4	140.7	106.9
Southwest							
Albuquerque, NM	102.3	95.8	106.4	100.3	109.1	104.9	100.1
Dallas, TX	103.8	106.2	102.3	106.1	111.5	106.7	98.8
Phoenix, AZ	102.7	98.3	105.6	93.2	101.5	117.6	103.5
Midwest							
Minneapolis, MN	101.7	95.3	112.3	102.3	106.0	102.1	95.4
Omaha, NE	91.9	87.8	88.2	87.6	108.3	87.2	92.5
Saint Louis, MO	98.9	99.7	96.8	108.8	100.0	99.9	95.8
Southeast							
Augusta, GA	98.7	96.0	94.7	99.5	98.0	99.5	102.8
Birmingham, AL	98.8	94.9	95.1	110.2	96.5	92.8	101.8
Louisville, KY	96.4	102.0	90.9	98.6	99.3	87.1	97.2
Atlantic/New England							
Baltimore, MD	107.3	103.4	117.0	106.4	108.4	113.5	100.7
Philadelphia, PA	127.2	107.6	143.7	170.1	112.4	134.9	115.0
Washington, DC	129.8	107.5	169.6	127.2	136.5	124.1	112.7
Wilmington, DE	117.8	109.7	127.2	138.1	99.0	116.9	116.6

Source: Intercity Cost of Living Index (268 cities), 1st Quarter 1989, American Chamber of Commerce Researchers Association.

held down the overall CPI. For those living in Anchorage, the CPI will accurately reflect the change in their cost of living only if their mortgage or rent payments have followed the decline in the housing index. For those who purchased a home several years ago and are locked into a mortgage, their cost of living has risen more in line with the CPI index for all items less housing. (See Table 1.)

Chamber of Commerce's Index — a Shopping List of Goods and Services

The American Chamber of Commerce Researchers Association (ACCRA) produces a quarterly report which compares relative price levels of goods and services for roughly 265 cities in the U.S. For each city in the study, a standardized list of 59 items is priced during a set period of time. The items priced are intended to represent the spending patterns of a typical mid-management level household. After the pricing is finished, items are aggregated by category, and the index numbers are produced. The index's All Cities' Average is always 100 for each reporting period.

The ACCRA index is based on a shopping list of goods and services. Because of the limited sample of items priced, however, differences in the index amounting to less than three (such as

Table 4

American Chamber of Commerce Researchers Association
Intercity Cost of Living Index
1st Quarter 1989

	1 lb. ground beef	1/2 gal. whole milk	1 lb. coffee	House purchase price	Total energy cost	1 gal. gas	Hospital room	Office visit doctor
West								
ANCHORAGE, AK	$1.49	$1.81	$3.36	$117,000	$106.22	$0.97	$406.00	$40.00
FAIRBANKS, AK	1.47	1.83	3.22	102,480	147.24	1.12	305.00	53.00
JUNEAU, AK	1.51	1.74	2.89	112,250	166.08	1.30	380.00	42.80
KETCHIKAN, AK	1.62	1.76	3.48	152,667	167.08	1.30	428.00	59.00
KODIAK, AK	1.76	1.99	3.57	161,023	211.91	1.26	590.00	41.33
Salt Lake City, UT	1.18	1.05	2.64	83,814	94.32	0.86	268.60	32.60
San Diego, CA	1.46	1.05	2.49	183,000	87.52	0.88	374.80	37.23
Seattle, WA	1.47	1.16	3.02	102,370	64.80	0.86	308.40	40.30
Southwest								
Albuquerque, NM	1.20	1.26	2.73	106,658	108.04	0.88	255.94	26.90
Dallas, TX	1.49	1.45	2.23	96,497	117.76	0.87	254.75	32.14
Phoenix, AZ	1.51	1.03	2.58	100,639	101.97	0.81	271.50	34.88
Midwest								
Minneapolis, MN	1.06	1.12	2.86	106,700	111.40	0.90	292.00	26.91
Omaha, NE	1.02	1.10	2.31	86,560	92.21	0.88	199.20	28.40
Saint Louis, MO	1.52	1.41	2.70	96,100	122.19	0.80	230.11	32.00
Southeast								
Augusta, GA	1.56	1.22	2.34	119,705	129.88	0.81	219.60	37.00
Birmingham, AL	1.26	1.35	2.38	90,400	118.39	0.83	215.40	28.60
Louisville, KY	1.41	1.36	2.55	84,020	104.43	0.81	252.20	24.40
Atlantic/New England								
Baltimore, MD	1.41	1.07	2.83	103,200	112.41	0.92	252.20	30.20
Wilmington, DE	1.99	1.08	2.72	272,050	144.42	0.99	390.00	43.50
Philadelphia, PA	1.59	1.15	2.71	213,800	215.46	1.06	250.00	39.00
Washington, DC	1.84	1.06	2.76	119,580	191.85	0.85	397.50	38.40
ALL CITIES MEAN	1.31	1.21	2.65	94,236	110.04	0.90	216.42	26.30

Note: All cities mean is the mean price of all 268 cities in the 1st quarter 1989 survey.

Source: Intercity Cost of Living Index (268 cities), 1st Quarter 1989, American Chamber of Commerce Researchers Association.

129 vs. 130) are statistically insignificant. Differences in the index amounting to a number greater than three show an actual cost of living difference. Percentage differences measured by the ACCRA index are only a reasonable indication and not a precise measure of the extent of any difference. Although taxes are known to be a part of the actual cost of living, no attempt is made to include state or local taxes in the data.

that the cities of Boston and New York had the highest ACCRA indexes. These two major cities aren't included in the current data.

The Alaska cities included in the ACCRA study have the top ratios for five of the ACCRA index's six major components. (See Table 2.) Kodiak had the highest indexes for groceries and utilities. And Ketchikan was tops for transportation, health care, and miscellaneous.

Index Shows Alaska Housing Costs Aren't High

Housing costs have always been thought of as exceptionally high in Alaska. However, the ACCRA housing index shows that four of the five studied Alaska cities (Kodiak being the exception) don't have high housing costs. In fact, it was in the housing cost index that the Alaska cities were found to have the lowest rankings. On a related note, the Anchorage utilities index was lower than about two-thirds of the cities in the ACCRA study.

Some comparative figures for Alaska cities and other U.S. cities are presented in Tables 3 and 4. Table 3 shows the cost of living indexes, while Table 4 contains actual prices for some of the goods and services in the ACCRA study.

The ACCRA index measures — at one point in time — the difference in cost of living between a specific city and the All Cities' Average.

Unlike the CPI, the ACCRA index doesn't measure change within a city over time; it measures the difference in costs between an individual city and the average of all cities. Since the sample of cities changes over time, results aren't directly comparable for different time periods. However, since the number of cities entering or leaving the survey each quarter is small, the index does provide an intuitive way to see if an individual city's cost of living is becoming increasingly higher or lower than the All Cities' Average.

Anchorage's ACCRA index in the 1st quarter of 1988 was 129.5. Its 1st quarter 1989 index was 118.4. Thus, the cost of living in Anchorage was, as

Table 5

Cost of Selected Items in Various Alaska Communities March 1989

	Cost of food, 1 week	Ratio of food cost to Anchorage average	Ratio of food cost to U.S. average
U.S. average 1/	$94.00	103%	n/a
Anchorage	91.08	n/a	97%
Bethel	144.58	159	154
Cordova	134.09	147	143
Delta	123.68	136	132
Dillingham	150:40	165	160
Fairbanks	94.84	104	101
Galena	156.19	171	166
Gambell	165.75	182	176
Haines	118.10	130	126
Homer	115.28	127	123
Juneau	94.49	104	101
Kenai	106.15	117	113
Klawock	133.84	147	142
Ketchikan	93.43	103	99
Kodiak	116.65	128	124
Mat-Su	95.17	104	101
McGrath	144.53	159	154
Nome	152.54	167	162
Petersburg	120.63	132	128
Sitka	105.44	116	112
Teller	158.41	174	169
Tok	122.02	134	130
Wrangell	106.75	117	114

Notes: Costs are for a family of four with elementary school children.

All sales taxes are included in food and utility costs.

1/ Items in U.S. survey are not directly comparable to those in Alaska survey.

Source: "Cost of Food at Home for a Week," March 1989, University of Alaska Cooperative Extension Service, U.S. Dept. of Agriculture and SEA Grant Cooperating.

Five Alaska Cities in Chamber's Data

Five Alaska cities are presently included in the quarterly ACCRA data — Anchorage, Fairbanks, Juneau, Ketchikan and Kodiak. According to the latest available numbers (1st Quarter 1989), four of these five Alaska cities are among the study's 10 highest cost areas. (See Table 2.) Anchorage, the Alaska city with the lowest ACCRA index, had a cost of living roughly 18% higher than the All Cities' Average. Only one area in the ACCRA study — Nassau-Suffolk, N.Y. — had an ACCRA index higher than all five Alaska cities. One year ago the ACCRA study showed

Table 6

Cost of Food at Home for a Week
1978-1989

	Anchorage	Fairbanks	Percentage of Anchorage average	Juneau	Percentage of Anchorage average	Bethel	Percentage of Anchorage average
Sept., 1978	$76.67	$84.15	109.8%	$73.72	96.2%	$114.05	148.8%
Dec., 1979	85.80	91.92	107.1	77.55	90.4	120.44	140.4
Sept., 1980	88.44	90.54	102.4	85.92	97.2	130.87	148.0
Sept., 1981	86.69	98.47	113.6	93.95	108.4	138.66	159.9
Sept., 1982	77.30	92.09	119.1	99.98	129.3	125.50	162.4
Sept., 1983	81.66	83.79	102.6	88.62	108.5	128.30	157.1
Sept., 1984	84.22	91.26	108.4	91.66	108.8	136.54	162.1
Sept., 1985	89.06	90.08	101.1	106.61	119.7	138.13	155.1
Sept., 1986	87.25	90.61	103.9	87.65	100.5	137.96	158.1
Sept., 1987	88.90	85.12	95.7	88.2	99.3	140.81	158.4
Sept., 1988	90.99	94.74	104.1	92.95	102.2	137.57	151.2
June 1989	95.95	96.74	100.8	97.58	101.7	142.89	148.9

Notes: Costs are for a family of four with elementary school children.

All sales taxes are included in food prices.

1/ Data unavailable

of 1st quarter 1989, 11% closer to the All Cities' Average than the prior year. We cannot infer from this that Anchorage costs have declined. Instead, the All Cities' Average may have increased, or both the Anchorage and the all cities' costs may have risen by different amounts. The ACCRA index only allows us to state that the difference is less. Over the last year the indexes for both Fairbanks and Juneau haven't changed significantly.

The ACCRA index methodology is a forward pricing scheme. It's designed to jibe with spending patterns found in major American urban centers. The data collected in more atypical areas is an attempt to match the items found in the larger 'average' areas. This process tends to ignore typical living costs actually found in the more atypical areas. The items priced in the ACCRA study are those which are most likely to be found in the greatest number of areas studied. For example, the transportation costs in the ACCRA study include items such as bus fare, price of a gallon of gasoline, and automobile wheel balancing.

For many areas in Alaska, such as Juneau, Ketchikan, and Kodiak, a typical living cost may include expensive transportation; in these communities air travel is needed just to leave home. Air fare, which may be a luxury or just one of many options for travel elsewhere in the U.S., is an essential service in most of Alaska. By this example it's seen that the ACCRA index at times understates the true cost differences between some of Alaska's cities and the All Cities' Average.

UA Measures the Cost of Food Bought for Alaska Homes

Comparing the cost of living between communities in Alaska is made difficult by several factors. Many goods and services available in larger cities aren't readily available in some rural areas. The buying habits of urban residents and people of rural communities are different. This means that there are different 'typical' consumer patterns in urban and rural areas, which, in

Cost of Food at Home for a Week 1978-1989

Nome	Percentage of Anchorage average	Kodiak	Percentage of Anchorage average	Kenai	Percentage of Anchorage average	Tok	Percentage of Anchorage average
$118.85	155.0%	1/	1/	$82.48	107.6%	1/	1/
124.62	145.2	1/	1/	100.41	117.0	1/	1/
131.14	148.3	$99.42	112.4%	120.84	136.6	$108.82	123.0%
150.27	173.3	1/	1/	1/	1/	114.80	132.4
149.04	192.8	1/	1/	1/	1/	1/	1/
130.14	159.4	104.94	128.5	86.98	106.5	1/	1/
142.07	168.7	115.97	137.7	87.97	104.5	121.66	144.5
152.41	171.1	108.17	121.5	91.47	102.7	116.19	130.5
142.04	162.8	105.49	120.9	92.78	106.3	124.18	142.3
147.96	166.4	104.39	117.4	96.95	109.1	117.51	132.2
147.69	162.3	116.68	128.2	95.53	105.0	119.69	131.5
155.01	161.6	124.47	129.7	103.12	107.5	134.35	140.0

Source: "Cost of Food at Home for a Week," Sept. 1978 to Mar. 1989, University of Alaska Cooperative Extension Service, U.S. Dept. of Agriculture and SEA Grant Cooperating

turn, complicates attempts at making cost of living comparisons. Also making Alaska cost of living comparisons more difficult are the effects of subsistence activities by some households.

The University of Alaska, in cooperation with the U.S. Department of Agriculture, publishes a quarterly report of food prices to measure how much it costs to feed various-sized families in different locations in Alaska. The report also contains comparative information on some utility and fuel costs. The 'Cost of Food at Home survey' is not a comprehensive measure of the cost of living for Alaska communities. However, it does provide some comparative yardstick for locations not covered by any other cost of living measure.

Table 5 shows the cost of food for a week for a family of four, plus other select costs, for 23 Alaska communities. In Anchorage, the state's largest metropolitan area, the study reports four percent lower costs than the national average. This is misleading because the market basket of food is different in the national study than in Alaska. The Alaska market basket substitutes the less perishable and more widely available canned foods for the more expensive fresh foods used in the lower 49 states.

Anchorage Food Costs Lowest; Highest Costs in Isolated Towns

The food cost study can be put to best use by comparing various communities' food costs within Alaska. The March 1989 figures showed Anchorage having the lowest costs of all the areas surveyed. Food costs in Alaska's other larger cities are fairly comparable to those of Anchorage.

Prior examinations of the food cost data have shown that the most expensive cities are the smaller and more isolated communities. This continues to be true. In places such as Bethel, Kotzebue, and McGrath, the costs are 50% to 70% higher than in Anchorage.

Table 6 is a time series of costs for the last 12 years. This table shows the difference in the cost of food between Anchorage and other Alaska communities. It also shows the changes in costs over time within each of the communities.

The ACCRA index numbers indicate a greater difference in food costs between Alaska and the U.S. than does the Cost of Food at Home for a Week study. This may be due partly to the limited number of items priced in the ACCRA survey. It's certainly due in part to aforementioned differences in the food cost market basket. There are also differences in the groups the two surveys are measuring. The ACCRA survey is designed to measure the budget of a mid-management executive, whereas the food cost study is designed to show the minimum cost of providing a sound diet for families of different sizes.

Table 7

Runzheimer Report – Living Cost Standards
June 1988 Results
(assuming recent home purchase)

	Total living costs	Pct. of standard city	Trans-portation	Pct. of standard city	Housing	Pct. of standard city	Goods & services	Pct. of standard city	Misc. (includes savings)	Pct. of standard city
New York, NY	$41,699	130%	$6,782	179%	$17,259	157%	$9,577	103%	$2,519	120%
ANCHORAGE, AK	37,404	117	4,507	119	15,771	143	10,696	115	1,926	91
Washington, D.C.	37,050	116	4,417	117	15,461	141	9,680	104	2,145	102
San Diego, CA	36,558	114	4,670	123	15,284	139	9,137	99	2,222	106
FAIRBANKS, AK	35,842	112	4,436	117	13,685	124	10,863	117	1,926	91
Boston, MA	35,262	110	4,716	125	13,074	119	9,321	101	2,005	95
JUNEAU, AK	35,240	110	4,288	113	12,883	117	11,022	119	2,076	99
STANDARD CITY, U.S.A.	32,000	—	3,782	—	10,992	—	9,272	—	2,105	—
Seattle, WA	31,746	99	4,334	115	10,460	95	9,464	102	2,390	114
Houston, TX	31,322	98	4,468	118	10,061	92	9,406	101	2,145	102
Mobile, AL	29,435	92	3,571	94	8,407	76	8,784	95	2,476	118

Source: Runzheimer International, Living Cost Division.

1988 Runzheimer Study Conducted for Alaska Department of Labor

Runzheimer International studied the cost of living in 272 areas of the country during June 1988 for the Alaska Department of Labor. Like most of the other surveys discussed in this article, Runzheimer's was conducted with a forward pricing scheme. A 'typical' family was created; they lived in an 'average' city on an income of $32,000 per year.

This $32,000 income, a figure which determined their standard of living, constitutes the main difference between this study and all others in this article. The Runzheimer study takes into account the amount of income necessary to maintain this standard of living in all other cities in the survey and doesn't directly address the differences in the costs of various items. (See Table 7.) The Runzheimer study also takes into account income and property taxes, elements not accounted for in other surveys.

Three scenarios were calculated to compare the levels of income needed to maintain this standard of living in different cities in the lower '49, and in Anchorage, Fairbanks and Juneau. The main difference in the three scenarios was the time of home purchase - - whether the owner had just purchased a home or instead had purchased it one or three years earlier. Like the CPI, the income levels needed to maintain the base lifestyle in Alaska were greatly influenced by this housing component. Those who had just purchased a home needed a significantly lower income than those with an older mortgage since home prices have fallen so much in recent years. The information in Table 7 assumed a recent home purchase, causing a reduction in the amount of income required to maintain the base standard of living in Alaska in comparison with most other areas of the country.

Alaska School District Study Uses Reverse Pricing Scheme

The Alaska Legislative Budget and Audit Committee, while analyzing the distribution of funds to school districts, commissioned a study to quantify the costs of providing educational services in all areas of Alaska. Results of the study were based on a 1985 survey of 2,500 households taken in 91 communities, and 2,100 retail outlets in 54 communities. Two separate cost differentials were determined: the differing costs sustained by personnel

Alaska School Districts Household Price Differentials 1985

	Housing	Food	Transportation	Clothing	Recreation & entertainment	Medical	Miscellaneous	Total personnel differential
Southern Southeast								
Annette Island	0.85	1.10	0.82	1.10	1.05	1.15	1.31	1.01
Craig	0.85	1.10	0.82	1.10	1.05	1.15	1.31	1.01
Klawock	0.85	1.10	0.82	1.10	1.05	1.15	1.31	1.01
Hydaburg	0.85	1.10	0.82	1.10	1.05	1.15	1.31	1.01
Southeast Island	0.85	1.10	0.82	1.10	1.05	1.15	1.31	1.01
Urban Southeast								
Ketchikan	0.95	1.09	0.83	1.23	1.26	1.15	1.09	1.02
Wrangell	0.65	1.04	1.04	1.15	1.06	1.09	0.98	1.00
Petersburg	0.76	1.15	0.94	1.12	1.05	1.09	1.12	1.00
Sitka	0.85	1.18	0.94	1.10	0.97	1.04	1.17	1.02
Juneau	1.01	1.07	0.93	1.14	1.03	1.03	1.13	1.03
Central & Northern Southeast								
Kake	0.84	1.26	0.82	1.10	1.08	1.01	1.25	1.05
Chatham	0.69	1.25	1.00	1.10	1.09	1.04	1.19	1.07
Hoonah	0.53	1.25	0.90	1.10	1.20	0.90	1.22	1.03
Pelican	1.03	1/	1/	1/	1/	1/	1/	1/
Other Southeast								
Haines	0.69	1.21	1.02	1.10	1.40	1.03	1.11	1.02
Skagway	0.83	1.19	0.99	1.07	1.40	1.03	0.98	1.03
Yakutat	0.96	1.58	1.06	0.95	1.33	0.90	1.29	1.21
Prince William Sound								
Cordova	0.90	1.29	1.12	1.41	1.37	1.12	1.29	1.18
Chugach	1/	1/	1/	1/	1/	1/	1/	1.13
Valdez	0.87	1.23	1.11	1.10	1.17	1.06	1.08	1.06
Copper River	1.05	1.27	1.10	0.96	1.18	1.00	1.22	1.13
Anchorage Urban Influence Area								
Anchorage (Base District)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Matanuska-Susitna	0.78	1.00	1.04	1.14	1.00	0.99	0.96	1.00
Kenai Peninsula	0.76	1.12	1.09	1.14	1.09	0.87	1.17	1.01
Kodiak	0.81	1.18	1.22	1.12	1.07	0.97	1.21	1.06
Alaska Peninsula & Aleutians								
Adak	1/	1/	1/	1/	1/	1/	1/	1.32
Pribilofs	1.23	1.37	1.49	1.04	1.06	0.97	1.39	1.32
Aleutian East	1/	1/	1/	1/	1/	1/	1/	1.32
Unalaska	1.23	1.37	1.49	1.04	1.06	0.97	1.36	1.30
Dillingham	1.12	1.42	1.40	1.11	1.18	1.07	1.61	1.30
Bristol Bay	1.02	1.68	1.40	1.11	1.18	1.07	1.67	1.35
Lake & Peninsula	1/	1/	1/	1/	1/	1/	1/	1.35
Southwest	1/	1/	1/	1/	1/	1/	1/	1.35
Yukon & Kuskokwim Delta								
Lower Kuskokwim	1.41	1.47	1.41	1.18	1.27	1.07	1.39	1.39
Yupiit	1/	1/	1/	1/	1/	1/	1/	1.39
Kashunamiut	1/	1/	1/	1/	1/	1/	1/	1.39
Lower Yukon	1.11	1.65	1.55	0.97	1.03	1.17	1.57	1.38
St. Mary's	1.11	1.65	1.55	0.97	1.03	1.17	1.57	1.38
Interior Region								
Kuspuk	1.05	1.61	1.44	1.10	1.16	1.01	1.47	1.37
Iditarod	1.05	1.50	1.44	1.16	1.08	1.01	1.23	1.32
Galena	1.05	1.49	1.42	1.22	1.08	1.01	1.41	1.32
Yukon-Koyukuk	1.05	1.58	1.62	1.22	1.08	1.01	1.36	1.39
Yukon Flats	1.05	1.62	1.36	1.23	1.43	0.94	1.54	1.39
Tanana	1.02	1.59	1.55	0.93	1.08	1.01	1.32	1.32
Interior Road System								
Alaska Gateway	1/	1/	1/	1/	1/	1/	1/	1.10
Delta/Greely	0.92	1.10	1.22	1.22	1.18	1.14	1.21	1.10
Nenana	0.89	1.33	1.28	0.97	1.18	1.08	1.12	1.14
Railbelt	1/	1/	1/	1/	1/	1/	1/	1.14
Fairbanks	0.92	1.02	1.16	1.22	1.08	0.94	1.06	1.03
Arctic								
North Slope	1.39	1.71	1.59	1.12	1.54	1.18	1.63	1.53
Northwest Arctic	1.34	1.59	1.45	0.99	1.19	1.08	1.44	1.41
Nome	1.36	1.60	1.28	1.00	1.06	1.17	1.54	1.41
Bering Straits	1.13	1.64	1.41	0.96	1.12	1.17	1.31	1.34

1/ Data not available

Source: Alaska School District Profiles and Differential Study, Legislative Budget & Audit Committee, Alaska State Legislature.

Summary of Cost of Living Indexes

Survey	**Consumer Price Index (CPI).**
Type	**Temporal, forward pricing.**
Population	**All urban consumers (CPI-U) or urban wage earners and clerical workers (CPI-W).**
Strength	**Measures costs in one location over time; the only available inflation measure.**
Weakness	**Can only compare the change in the cost-of-living for different locations; only available for Anchorage.**
Survey	**ACCRA Cost of Living Index.**
Type	**Spatial, forward pricing.**
Population	**Mid–management level family.**
Strength	**Compares many locations to a national average.**
Weakness	**No tracking of changes over time; lacks consistency in price collection.**
Survey	**Cost of Food at Home Study.**
Type	**Spatial, forward pricing.**
Population	**Lower income individuals or families.**
Strength	**Compares minimum food costs for smaller Alaskan communities excluded from other studies.**
Weakness	**No good comparison to national data; only looks at food costs, not entire cost of living.**
Survey	**Runzheimer's Living Costs Index.**
Type	**Spatial, forward pricing.**
Population	**Family with $32,000 in income, living in average cost city.**
Strength	**Considers income needed to maintain a specific standard of living in different cities; includes taxes.**
Weakness	**Doesn't directly address differences in prices.**
Survey	**Alaska School District Profiles & Differential Study.**
Type	**Spatial, reverse pricing.**
Population	**'Average' consumer in each school district.**
Strength	**Considers consumption pattern in each area studied; good single site comparison to Anchorage.**
Weakness	**A one–time study using 1985 data.**

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working for the districts, and the costs of maintaining the facilities. For the purposes of this article, only the living costs of school employees will be addressed.

This study is the only one to use the reverse pricing scheme. Consumption patterns were determined for each community, and a unique market basket was prepared. Each market basket was then priced in Anchorage, which served as the base for comparison. (Reverse pricing maintains the standard of living of the study area instead of imposing the base community's standard of living upon it.)

Table 8 shows the ratio of a commodity group's costs in various geographic areas as they relate to the same items' costs in Anchorage in 1985. Anchorage had the lowest costs in the state for most commodities. It's noteworthy that housing was one of the few commodities less expensive outside of Anchorage.

Because the reverse pricing scheme was used, each commodity group has a different 'weight' when the overall cost of living differential is computed. For example, the survey found that 34% of expenditures in Anchorage went for items in the housing group, whereas Wrangell residents, for example, spent only 23% of their income on housing. Since Wrangell housing costs were only 65% as much as comparable housing in Anchorage, and a smaller overall share of Wrangell residents' total expenditures went to housing, costs for housing comprised a much smaller portion of the Wrangell budget than the Anchorage budget.

Summary

Determining the cost of living in an area and how it differs among distinct geographic areas and over time is not as straightforward as one would wish. Although there are no perfect cost of living indices, several different studies do exist. If spatial indices (place-to-place comparisons) are needed, several different studies can assist in answering the cost of living question. For temporal studies (those looking at changes over time), the CPI is the only available index.

One of the first steps in using a cost of living study is in determining its strengths and weaknesses.

Alaska's July Unemployment Rate Fell To A Record Low

By Neal Fried

The Alaska statewide unemployment rate has seldom drawn the attention it has been getting recently. Traditionally, there seems to have been indifference toward the rate because it often gives mixed signals. But during the past six months the message has been clear: the number of Alaskans out of work has fallen to new lows.

Complaints about worker shortages keep growing. And July's 6.1% unemployment rate represents the lowest July jobless rate in more than a decade. In fact, one has to reach back to 1976, a peak year for oil pipeline construction, to find a lower unemployment rate. Alaska's July unemployment rate wasn't that much higher than the nation's low rate that month, 5.3%. (See Figure 1.)

Anchorage's July unemployment rate of 4.9% marks the first time in 14 years that it had fallen below 5.0%. Meanwhile, though, six other areas of the state posted even lower unemployment rates. (See Table 5.) Bristol Bay's July unemployment rate dropped to an astonishing 1.2%.

Unemployment Rates Will Climb Quickly in the Fall, Though

Behind the backdrop of these exceptionally low unemployment rates looms the demobilization of the oil spill cleanup work force. The phase-out began in August and continued through September. Unemployment rates, when calculated for the Gulf Coast Region, will surely feel the brunt of this increase. (See Table 5.) Rates for some areas will likely zoom into double digits. There are many unknowns in the demobilization scenario.

Some of these laid-off workers will find jobs elsewhere in Alaska. (See Table 1.) Others will leave the state. Some will return to college. The rest will either leave the labor force or join the unemployed ranks. While the likelihood of record high statewide unemployment rates is remote, the record low unemployment rates will surely vanish.

Table 1

VECO Oil Spill Cleanup Workers By Residence

	No. of workers
Anchorage	1,271
Kodiak Island Borough	718
Valdez-Cordova Census Area	484
Fairbanks North Star Borough	294
Matanuska-Susitna Borough	185
Balance of the state	795
Out of state	343
TOTAL	4,090

Notes: These figures exclude Norcon, Inc. employees and VECO subcontractors. The figures are current as of August 13, 1989.

Source: VECO, Inc.

Table 2

Nonagricultural Wage and Salary Employment By Place of Work

Alaska

	p/ 7/89	r/ 6/89	7/88	Changes from: 6/89	7/88
Nonag. Wage & Salary	237,800	232,000	227,900	5,800	9,900
Mining	10,900	10,800	10,100	100	800
Construction	11,000	10,000	10,600	1,000	400
Manufacturing	22,100	18,100	24,400	4,000	-2,300
Seafood Processing	14,400	10,500	16,700	3,900	-2,300
Lumber & Paper Products	4,100	4,100	4,100	0	0
All Other Manufacturing	3,600	3,500	3,600	100	0
Trans., Comm. & Utilities	25,500	24,200	18,200	1,300	7,300
Trucking & Warehousing	2,400	2,400	2,300	0	100
Water Transportation	7,800	6,600	1,200	1,200	6,600
Air Transportation	6,200	6,100	5,800	100	400
Communications	3,300	3,200	3,300	100	0
All Other Transportation	5,800	5,900	5,600	-100	200
Trade	45,900	45,500	44,600	400	1,300
Wholesale	8,300	8,200	8,000	100	300
Retail	37,600	37,300	36,600	300	1,000
Gen. Merch. & Apparel	5,500	5,400	5,200	100	300
Food Stores	6,600	6,500	6,200	100	400
Eating & Drinking Places	14,200	14,200	13,900	0	300
All Other Retail	11,300	11,200	11,300	100	0
Finance, Ins. & Real Estate	10,700	10,600	10,800	100	-100
Services	46,500	45,900	45,600	600	900
Hotels & Other Lodging	6,300	5,800	6,000	500	300
Government	65,200	66,900	63,600	-1,700	1,600
Federal	18,600	18,500	18,500	100	100
State	19,900	19,800	18,500	100	1,400
Local	26,700	28,600	26,600	-1,900	100

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988

p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

July's Economy Is Firing on All Cylinders

Tourism, fishing, construction, and mining, along with the oil cleanup work, reached peak employment levels in July. Total wage and salary employment in July stood at 237,800. (See Table 2.) This represents 4.3% growth over 1988 levels, a vast improvement over zero growth during 1988.

The recession is clearly behind us, and 1989 represents a strong year of recovery. However, full recovery remains a number of years off.

Large Fish Harvest Despite Spill

Although more than a dozen salmon fisheries were shut down because of oiled waters, Alaska's 1989 fish harvest (through July) exceeded the 1988 harvest (through July) by 20 million fish. From a harvest perspective, the 1989 season is being characterized as excellent.

The Bristol Bay harvest was exceptional. Twenty-eight million fish were harvested in the bay, compared to 15.5 million last year. The Southeast harvest is coming in above all expectations -- 17.4 million fish compared to 3.5 million in 1988. Even Prince William Sound's catch was double that of last year (although a catch far greater was predicted). It was hatchery reared fish that made it possible for the Prince William Sound catch to post an improvement over last year.

Cook Inlet's story was mixed. The drift net fleet in Upper Cook Inlet that normally harvests 60% of the fish in the area caught zero percent this year because of oiled waters. But their loss was offset by beach set netters who registered a record year. Lower Cook Inlet's Kamishak district, which typically produces a quarter of the area's catch, has been closed most of the season, putting a real crimp on the area's harvest.

There were no winners in Kodiak's salmon fishery. Only one small set net fishery was opened in Kodiak waters.

As of July, Kodiak's predicted harvest of 14 million fish had only reached one million.

Fish prices declined sharply this season. In most cases, prices have been only half or a third as high as last year's record prices. However, the total revenue from the harvest should not fall drastically from last year's levels because of the rise in the volume of the harvest.

Although the harvest was considerably higher this year, fish processing employment was down 14% in July. It was down because processors simply couldn't find enough workers. The processors could have used at least another 2,500 workers. Because of this shortage, some of the processors put limits on catches and asked the state Department of Fish & Game to delay openings.

Figure 1

Unemployment Rates – Alaska & U.S.

Source: Alaska Department of Labor, Research & Analysis Section.

Tourism Season Was Decent

Prior to the oil spill all the ingredients for a strong tourism season were in place: advanced bookings were up; the national economy was strong; and the dollar was weak, keeping domestic tourists closer to home and providing an incentive for foreign visitors to come to Alaska. Additional tourism facilities were also making it possible to attract new visitors. After the spill, a period of uncertainty and panic set in. It was impossible to gauge the damage the spill might have on the industry. It became a waiting game.

By the end of July, halfway through the season, it appeared this year's season was shaping up better than expected. Hotel employment was up 5% statewide.

Southcentral Alaska seemed to have the largest boost in tourism. Hotels were booked solid in Anchorage during June and July. The Anchorage bed tax collected for the second quarter of 1989 was up 17% above year-ago levels. More cruise ship passengers were routed through Southcentral, and some observers believe the number of independent travelers was also up. The general improvement in the business climate also helped keep the hotels full and many of the tourism related activities busy.

Earlier in the year, the Southeast Alaska tourism industry had two worries. Adding to the projected negative effects of the oil spill was the fact that fewer cruise ships were scheduled to call at Southeast ports. However, the fewer ships that arrived were almost at full capacity and were larger in size than in prior years, and hotel stays in most Southeast communities were reported to be up.

Interior Alaska's tourism season was mixed. Fairbanks reported another solid season. Hotels were full and most other indicators were up. Business along the Alaska Highway, however, appeared to have weakened, and the number of hotel stays were reported down. This may have happened because a growing number of cruise ship passengers came across the Gulf of Alaska. This means that fewer road passengers travelled through Tok, Beaver Creek and other communities along the highway.

The oil spill certainly didn't leave the industry untouched. There were numerous cases of tour operators contending with a much weaker season than last year, particularly in Prince Willi. m Sound. Reports coming out of

Table 3

Nonagricultural Wage and Salary Employment By Place of Work

Anchorage Borough

	p/ 7/89	r/ 6/89	Changes from: 7/88	6/89	7/88
Nonag. Wage & Salary	105,450	104,250	103,550	1,200	1,900
Mining	3,750	3,650	3,500	100	250
Construction	5,000	4,450	5,100	550	-100
Manufacturing	3,350	3,450	3,300	-100	50
Trans, Comm. & Utilities	10,250	10,050	9,600	200	650
Trucking & Warehousing	1,550	1,500	1,400	50	150
Water Transportation	550	550	350	0	200
Air Transportation	3,700	3,600	3,600	100	100
Communications	1,850	1,800	1,800	50	50
All Other Transportation	2,600	2,600	2,450	0	150
Trade	25,600	25,400	24,700	200	900
Wholesale	6,000	5,900	5,800	100	200
Retail	19,600	19,500	18,900	100	700
Gen. Merch. & Apparel	2,600	2,550	2,650	50	-50
Food Stores	3,150	3,200	2,650	-50	500
Eating & Drinking Places	7,850	7,850	7,750	0	100
All Other Retail	6,000	5,900	5,850	100	150
Finance, Ins. & Real Estate	6,900	6,900	7,150	0	-250
Services	25,650	25,450	25,200	200	450
Government	24,950	24,900	25,000	50	-50
Federal	10,200	10,150	10,450	50	-250
State	6,700	6,800	6,400	-100	300
Local	8,050	7,950	8,150	100	-100

Fairbanks North Star Borough

	p/ 7/89	r/ 6/89	Changes from: 7/88	6/89	7/88
Nonag. Wage & Salary	27,350	27,050	26,650	300	700
Mining	200	200	200	0	0
Construction	2,000	1,850	2,050	150	-50
Manufacturing	650	650	700	0	-50
Trans, Comm. & Utilities	2,150	2,150	2,000	0	150
Trucking & Warehousing	450	450	400	0	50
Air Transportation	350	350	300	0	50
All Other Transportation	1,350	1,350	1,300	0	50
Trade	6,450	6,400	6,250	50	200
Wholesale	800	750	750	50	50
Retail	5,650	5,650	5,500	0	150
Food Stores	800	800	800	0	0
All Other Retail	4,850	4,850	4,700	0	150
Finance, Ins. & Real Estate	800	800	800	0	0
Services	6,150	5,950	6,150	200	0
Government	8,950	9,050	8,500	-100	450
Federal	2,900	2,900	2,800	0	100
State	3,700	3,700	3,400	0	300
Local	2,350	2,450	2,300	-100	50

Anchorage-MatSu Region

	p/ 7/89	r/ 6/89	Changes from: 7/88	6/89	7/88
Nonag. Wage & Salary	111,750	110,950		0	1,850
Mining	3,750	3,700		50	250
Construction	5,200	4,700	5,300	500	-100
Manufacturing	3,450	3,550	3,450	-100	
Trans, Comm. & Utilities	10,800	10,650	10,150	150	
Trade	27,050	26,900	26,400	150	
Finance, Ins. & Real Estate	7,350	7,350	7,550		
Services	26,950	26,600	26,500	350	
Government	27,200	27,500	27,050	-300	150

Interior Region

	p/ 7/89	r/ 6/89	Changes from: 7/88	6/89	7/88
Nonag. Wage & Salary	31,750	31,250	30,850	500	900
Mining	350	350	350	0	0
Construction	2,100	1,950	2,100	150	0
[illegible]turing	700	650	700	50	0
[illegible]mm. & Utilities	2,600	2,600	2,550	0	50
	6,900	6,900	6,750	0	150
[illegible], Ins. & Real Estate	900	850	900	50	0
[illegible]	6,850	6,600	6,850	250	0
[illegible]ment	11,350	11,350	10,650	0	700

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

(cont. on page 25)

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/ 7/89	r/ 6/89	7/88	Changes from: 6/89	7/88
Nonag. Wage & Salary	34,700	33,800	33,750	900	950
Mining	300	300	200	0	100
Construction	1,350	1,300	1,200	50	150
Manufacturing	6,600	5,700	7,000	900	-400
Seafood Processing	2,500	1,650	2,750	850	-250
Lumber & Paper Products	3,850	3,800	3,950	50	-100
All Other Manufacturing	250	250	300	0	-50
Trans, Comm. & Utilities	2,650	2,600	2,550	50	100
Trade	5,600	5,400	5,250	200	350
Wholesale	550	500	450	50	100
Retail	5,050	4,900	4,800	150	250
Finance, Ins. & Real Estate	1,050	1,050	1,050	0	0
Services	5,550	5,600	5,250	-50	300
Government	11,600	11,850	11,250	-250	350
Federal	2,200	2,150	2,100	50	100
State	5,350	5,450	5,100	-100	250
Local	4,050	4,250	4,050	-200	0

Southwest Region

	p/ 7/89	r/ 6/89	7/88	Changes from: 6/89	7/88
Nonag. Wage & Salary	16,500	14,800	16,050	1,700	450
Seafood Processing	5,950	4,100	5,750	1,850	200
All Other Private	5,000	4,850	4,900	150	100
Government	5,550	5,850	5,400	-300	150
Federal	1,350	1,350	1,350	0	0
State	550	550	550	0	0
Local	3,650	3,950	3,500	-300	150

Gulf Coast Region

	p/ 7/89	r/ 6/89	7/88	Changes from: 6/89	7/88
Nonag. Wage & Salary	29,900	27,300	24,700	2,600	5,200
Mining	850	850	850	0	0
Construction	1,050	1,000	950	50	100
Manufacturing	5,250	3,900	7,450	1,350	-2,200
Seafood Processing	4,550	3,200	6,800	1,350	-2,250
All Other Manufacturing	700	700	650	0	50
Trans, Comm. & Utilities	7,800	6,650	1,600	1,150	6,200
Trade	4,400	4,250	4,250	150	150
Wholesale	700	700	700	0	0
Retail	3,700	3,550	3,550	150	150
Finance, Ins. & Real Estate	550	550	550	0	0
Services	4,300	4,200	3,850	100	450
Government	5,700	5,900	5,200	-200	500
Federal	650	600	600	50	50
State	1,950	1,850	1,600	100	350
Local	3,100	3,450	3,000	-350	100

Northern Region

	p/ 7/89	r/ 6/89	7/88	Changes from: 6/89	7/88
Nonag. Wage & Salary	14,200	14,300	13,500	-100	700
Mining	5,550	5,600	5,200	-50	350
All Other Private	4,600	4,300	4,200	300	400
Government	4,050	4,400	4,100	-350	-50
Federal	400	400	400	0	0
State	300	350	300	-50	0
Local	3,350	3,650	3,400	-300	-50

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Table 4

Alaska Hours and Earnings for Selected Industries [1/2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 7/89	r/ 6/89	7/88	p/ 7/89	r/ 6/89	7/88	p/ 7/89	r/ 6/89	7/88
Mining	$1,079.45	$1,032.43	$1,192.08	49.2	47.1	50.9	$21.9	$21.92	$23.42
Construction	1,239.03	1,125.41	1,056.18	48.8	45.6	43.5	25.39	24.68	24.28
Manufacturing	514.76	483.23	474.95	46.5	38.2	45.8	11.07	12.65	10.37
Seafood Processing	441.34	330.94	392.85	49.7	35.7	48.5	8.88	9.27	8.10
Lumber & Paper Prod.	610.18	735.48	609.87	38.4	45.4	37.6	15.89	16.20	16.22
Trans., Comm. & Utilities	801.00	606.62	626.73	44.5	38.2	39.0	18.00	15.88	16.07
Trade	414.71	403.35	395.20	36.7	35.6	35.7	11.30	11.33	11.07
Wholesale	554.58	543.91	570.35	39.0	39.3	41.3	14.22	13.84	13.81
Retail	366.54	356.04	333.29	35.9	34.4	33.7	10.21	10.35	9.89
Finance, Ins. & R.E	409.2	419.63	414.64	38.0	37.4	35.5	10.77	11.22	11.68

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1988

1/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

2/ Excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

Valdez tell that tourism related business appeared to be off by 20-35%. Lodge, charter and tour operators as far away as Sitka and Ketchikan maintain that the spill caused a rash of cancellations and hurt their seasons.

And the spill created other, possibly more long term problems for the industry. For example, Homer charter and tour operators were unable to satisfy the demand for their services this season because so many of their boats and skippers were working the spill. Many visitors were turned away. There is concern this could have long term negative consequences.

Spill Work Force Peaked In July

It's impossible to ignore the effect the oil spill had on employment. July will probably go down as the peak employment month for the cleanup effort. Water transportation employment grew another 19% in July, reaching the 7,821 level. Approximately 80% of this employment was directly related to the spill. Although employment in the state would have forged ahead without the oil spill in 1989, almost half of July's estimated employment growth can be attributed directly to the spill.

Gulf Coast's July employment (where more than 90% of the oil spill

employment is located), was running 22% ahead of last year's levels despite a decline in fish processing employment. (See Table 3.) Most of this can be credited to the cleanup effort. The downside is that this employment will slide swiftly as demobilization takes place.

Construction Adds 1000 Jobs in July

The 1989 construction season is slowly pushing ahead. A minor milestone was reached in June when for the first time in four years construction employment actually posted an over-the-year gain. This trend was repeated in July, although the gain was small -- 4%. Overall, the total employment level in this industry remains below 1974 levels.

Southeast No Longer The Only Player in the Timber Industry

Timber employment was barely holding its own in July. The Southeast -- where almost 95% of timber employment is presently concentrated -- seems to have run out of steam. Timber harvest employment in the Southeast has peaked after three strong years of growth.

If it was not for a host of new developments taking place elsewhere in the state, timber employment statewide would have declined in July.

But an estimated 100 million board feet of timber will be harvested in the Southcentral Region in 1989, largely from private native corporation lands. This compares to 5-10 million board feet five years ago. Most of this timber is being exported in the round, but some of it is destined for the new Chugach Alaska Corporation sawmill. This Seward mill will begin processing timber in the fall.

Summary

Alaska's employment picture improved markedly again in July. Unemployment rates fell to new lows. And a growing number of employers complained about a lack of workers.

The fishing and tourism seasons progressed nicely despite the spill. The fish harvest this year was twice as large as that of 1988. Prices fell hard, but the larger harvest may offset these losses. Most tourism industry indicators looked good, although weak spots existed.

If one could speculate about what would have happened to fishing and tourism if both had operated in a spill-free environment, it appears they still would have had banner years.

All said, Alaska's 1989 economy has shown itself to be a big improvement over the prior three years. And not all of the improvement is oil spill related.

Table 5

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	p/ 7/89	r/ 6/89	7/88	p/ 7/89	r/ 6/89	7/88	p/ 7/89	r/ 6/89	7/88	p/ 7/89	r/ 6/89	7/88
Alaska Statewide	250,740	246,402	246,943	15,332	17,303	18,865	6.1	7.0	7.6	235,408	229,099	228,078
Anch.-MatSu Region	122,143	121,868	124,024	6,945	7,807	9,223	5.7	6.4	7.4	115,198	114,061	114,801
Anchorage Borough	108,751	108,390	110,005	5,281	6,088	7,013	4.9	5.6	6.4	103,470	102,302	102,992
MatSu Borough	13,392	13,478	14,019	1,664	1,719	2,210	12.4	12.8	15.8	11,728	11,759	11,809
Gulf Coast Region	35,291	32,760	30,259	1,709	2,053	2,207	4.8	6.3	7.3	33,582	30,707	28,052
Kenai Peninsula Borough	21,946	20,470	18,985	1,302	1,593	1,741	5.9	7.8	9.2	20,644	18,877	17,244
Kodiak Island Borough	7,995	7,317	6,675	253	237	207	3.2	3.2	3.1	7,742	7,080	6,468
Valdez-Cordova	5,350	4,973	4,599	154	223	259	2.9	4.5	5.6	5,196	4,750	4,340
Interior Region	35,218	35,176	35,613	2,824	3,268	3,703	8.0	9.3	10.4	32,394	31,908	31,910
Fairbanks North Star Bor.	20,399	30,251	30,773	2,345	2,618	3,138	7.7	8.7	10.2	28,054	27,633	27,635
Southeast Fairbanks	1,964	1,967	2,008	139	169	210	7.1	8.6	10.5	1,825	1,798	1,798
Yukon-Koyukuk	2,855	2,958	2,832	340	481	355	11.9	16.3	12.5	2,515	2,477	2,477
Northern Region	8,047	8,273	7,945	805	887	871	10.0	10.7	11.0	7,242	7,386	7,074
Nome	3,116	3,237	3,007	416	483	369	13.4	14.9	12.3	2,700	2,754	2,638
North Slope Borough	2,865	2,927	2,818	163	171	179	5.7	5.8	6.4	2,702	2,756	2,639
Northwest Arctic Borough	2,066	2,109	2,120	226	233	323	10.9	11.0	15.2	1,840	1,876	1,797
Southeast Region	36,491	35,636	35,488	2,357	2,430	1,869	6.5	6.8	5.3	34,134	33,206	33,619
Haines Borough	910	886	873	74	72	49	8.1	8.1	5.6	836	814	824
Juneau Borough	16,482	16,062	16,103	885	889	742	5.4	5.5	4.6	15,597	15,173	15,361
Ketchikan Gateway Bor.	6,732	6,561	6,519	482	481	363	7.2	7.3	5.6	6,250	6,080	6,156
Pr. of Wales-Outer Ketch.	2,821	2,802	2,715	295	345	227	10.5	12.3	8.4	2,526	2,457	2,488
Sitka Borough	4,329	4,181	4,228	248	211	209	5.7	5.0	4.9	4,081	3,970	4,019
Skagway-Yakutat-Angoon	1,647	1,651	1,637	133	179	146	8.1	10.8	8.9	1,514	1,472	1,491
Wrangell-Petersburg	3,570	3,493	3,413	240	253	133	6.7	7.2	3.9	3,330	3,240	3,280
Southwest Region	13,550	12,688	13,614	692	858	992	5.1	6.8	7.3	12,858	11,831	12,622
Aleutian Islands	3,738	3,463	3,747	52	71	128	1.4	2.1	3.4	3,686	3,392	3,619
Bethel	5,211	4,911	5,234	372	459	484	7.1	9.3	9.2	4,839	4,452	4,750
Bristol Bay Borough	483	460	501	6	21	33	1.2	4.6	6.6	477	439	468
Dillingham	2,363	2,220	2,349	64	105	93	2.7	4.7	4.0	2,299	2,115	2,256
Wade Hampton	1,755	1,635	1,783	198	202	254	11.3	12.4	14.2	1,557	1,433	1,529

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1988

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definitions of unemployment currently in place exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.

Alaska Economic Regions

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EMPLOYMENT SECURITY DIVISION
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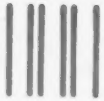

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